

**ND TEACHERS FUND FOR RETIREMENT
INVESTMENT PERFORMANCE REPORT AS OF DECEMBER 31, 2006**

	December-06					September-06				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Quarter	Month	Month	Market Value	Allocation	Quarter	Quarter	Fiscal YTD	FY06	Ended	Ended
		Actual	Policy	Net ROR	Net ROR					Net ROR	Net ROR	6/30/2006	6/30/2006
												Net	Net
LARGE CAP DOMESTIC EQUITY													
<i>Structured Growth</i>													
LA Capital	78,834,289	4.2%	4.2%	7.70%	0.30%	73,859,973	4.2%	4.2%	1.81%	9.65%	11.88%	N/A	N/A
Total Structured Growth	78,834,289	4.2%	4.2%	7.70%	0.30%	73,859,973	4.2%	4.2%	1.81%	9.65%	11.88%	12.99%	0.19%
<i>Russell 1000 Growth</i>				5.93%	0.34%				3.94%	10.10%	6.12%	8.34%	-0.77%
<i>Structured Value</i>													
LSV	80,328,939	4.3%	4.2%	8.13%	1.98%	75,781,744	4.3%	4.2%	4.48%	12.97%	15.93%	21.06%	12.29%
Russell 1000 Value				8.00%	2.24%				6.22%	14.72%	12.10%	15.70%	6.89%
<i>Enhanced Russell 1000 Index</i>													
LA Capital	75,544,344	4.1%	3.9%	7.80%	1.47%	70,714,973	4.0%	3.9%	3.51%	11.58%	12.49%	12.73%	3.75%
Russell 1000				6.95%	1.28%				5.06%	12.36%	9.08%	12.05%	3.12%
<i>Enhanced S&P 500 Index</i>													
Northern Trust	76,087,345	4.1%	3.9%	6.42%	1.61%	72,163,906	4.1%	3.9%	6.56%	13.40%	9.33%	11.32%	2.81%
Westridge	85,369,546	4.6%	4.2%	6.86%	1.43%	80,688,611	4.6%	4.2%	5.68%	12.94%	8.80%	11.46%	2.80%
Wells Capital	52,239,168	2.8%	2.8%	13.95%	6.60%	46,137,325	2.6%	2.8%	1.21%	15.33%	N/A	N/A	N/A
Franklin	50,850,528	2.7%	2.8%	5.52%	1.97%	48,512,118	2.8%	2.8%	N/A	N/A	N/A	N/A	N/A
Total Enhanced S&P 500 Index	264,546,588	11.5%	10.9%	7.79%	2.57%	247,501,961	11.4%	10.9%	5.15%	13.34%	8.58%	11.40%	2.76%
S&P 500				6.70%	1.40%				5.67%	12.74%	8.63%	11.22%	2.49%
<i>S&P 500 Index</i>													
State Street	34,426,761	1.9%	2.0%	8.05%	2.52%	32,160,003	1.8%	2.0%	5.79%	14.30%	9.62%	11.55%	2.70%
S&P 500				6.70%	1.40%				5.67%	12.74%	8.63%	11.22%	2.49%
TOTAL LARGE CAP DOMESTIC EQUITY	533,680,921	28.7%	28.0%	7.85%	1.98%	500,018,655	28.6%	28.0%	4.32%	12.50%	10.93%	13.21%	3.86%
S&P 500				6.70%	1.40%				5.67%	12.74%	8.63%	11.22%	2.49%
SMALL CAP DOMESTIC EQUITY													
<i>Manager-of-Managers</i>													
SEI	135,136,424	7.3%	7.2%	8.85%	0.35%	127,273,776	7.3%	7.2%	-0.01%	8.84%	13.56%	18.31%	8.00%
Russell 2000 + 200bp				9.43%	0.50%				0.94%	10.46%	16.86%	21.06%	10.71%
Callan	53,116,978	2.9%	2.8%	8.45%	0.29%	49,407,572	2.8%	2.8%	-0.91%	7.46%	N/A	N/A	N/A
Russell 2000				8.90%	0.33%				0.44%	9.38%			
TOTAL SMALL CAP DOMESTIC EQUITY	188,253,402	10.1%	10.0%	8.74%	0.34%	176,681,347	10.1%	10.0%	-0.27%	8.45%	13.40%	18.25%	7.97%
Russell 2000				8.90%	0.33%				0.44%	9.38%	14.58%	18.70%	8.50%
INTERNATIONAL EQUITY													
<i>Large Cap - Core</i>													
State Street	35,261,123	1.9%	1.8%	11.53%	3.43%	31,628,832	1.8%	1.8%	3.40%	15.32%	27.85%	20.61%	6.87%
MSCI EAFE (1)				10.35%	3.14%				3.93%	14.69%	26.56%	20.76%	5.94%
<i>Large Cap - Active</i>													
Capital Guardian	103,280,189	5.6%	5.4%	8.42%	3.23%	95,170,518	5.4%	5.4%	4.95%	13.79%	28.01%	21.32%	6.58%
LSV	103,880,236	5.6%	5.4%	10.85%	4.76%	93,717,230	5.4%	5.4%	5.93%	17.43%	27.77%	N/A	N/A
Bank of Ireland	34,082,453	1.8%	1.8%	9.82%	1.93%	31,041,174	1.8%	1.8%	3.02%	13.14%	22.00%	19.16%	N/A
Total Large Cap - Active	241,242,878	13.0%	12.6%	9.65%	3.69%	219,928,922	12.6%	12.6%	5.09%	15.23%	27.11%	21.84%	7.14%
MSCI EAFE - 50% Hedged				9.06%	3.79%				4.87%	14.37%	26.72%	22.56%	6.89%
<i>Small Cap - Active</i>													
Lazard	34,897,942	1.9%	1.8%	15.51%	4.41%	30,211,423	1.7%	1.8%	1.38%	17.11%	25.04%	29.34%	N/A
Wellington	33,055,521	1.8%	1.8%	9.14%	3.39%	30,242,090	1.7%	1.8%	3.21%	12.65%	23.35%	25.26%	N/A
Total Small Cap - Active	67,953,463	3.7%	3.6%	12.33%	3.91%	60,453,513	3.5%	3.6%	2.29%	14.90%	24.18%	27.28%	N/A
Citigroup Broad Market Index < \$2BN				11.41%	3.40%				1.55%	13.13%	29.21%	32.38%	N/A
TOTAL INTERNATIONAL EQUITY	344,457,464	18.5%	18.0%	10.36%	3.72%	312,011,267	17.8%	18.0%	4.36%	15.18%	26.61%	22.77%	8.74%
MSCI EAFE - 50% Hedged				9.06%	3.79%				4.87%	14.37%	26.72%	22.56%	6.89%
EMERGING MARKETS EQUITY													
<i>Core</i>													
JP Morgan	18,942,432	1.0%	0.9%	17.51%	5.15%	16,093,208	0.9%	0.9%	7.76%	26.63%	N/A	N/A	N/A
PanAgora	15,955,188	0.9%	0.9%	17.38%	4.93%	13,577,332	0.8%	0.9%	4.96%	23.20%	N/A	N/A	N/A
WestLB	16,169,981	0.9%	0.0%	17.37%	4.21%	13,762,287	0.8%	0.0%	2.94%	20.82%	N/A	N/A	N/A
UBS	28,531,083	1.5%	1.5%	16.12%	4.50%	24,520,969	1.4%	1.5%	4.67%	21.54%	N/A	N/A	N/A
Total Core	79,598,684	4.3%	4.1%	16.75%	4.58%	67,953,795	3.9%	4.1%	5.09%	22.69%	35.59%	32.44%	18.61%
MSCI Emerging Markets				17.64%	4.51%				5.01%	23.53%	35.91%	22.39%	12.89%
<i>Small Cap</i>													
DFA	18,385,551	1.0%	1.0%	20.71%	4.64%	15,197,509	0.9%	1.0%	8.53%	31.01%	N/A	N/A	N/A
MSCI Emerging Markets				17.64%	4.51%				5.01%	23.53%			
TOTAL EMERGING MARKETS EQUITY	97,984,235	5.3%	5.0%	17.47%	4.59%	83,151,303	4.8%	5.0%	5.71%	24.17%	34.40%	32.05%	18.40%
MSCI Emerging Markets				17.64%	4.51%				5.01%	23.53%	35.91%	34.76%	21.54%
DOMESTIC FIXED INCOME													
<i>Core Bond</i>													
Western Asset	24,439,241	1.3%	1.5%	1.78%	-0.52%	25,156,072	1.4%	1.5%	4.29%	6.14%	-1.15%	2.65%	5.96%
Lehman Aggregate				1.24%	-0.58%				3.81%	5.09%	-0.81%	2.05%	4.97%
<i>Index</i>													
Bank of ND	44,150,274	2.4%	3.0%	0.88%	-0.77%	46,610,848	2.7%	3.0%	3.77%	4.68%	-1.37%	1.53%	5.24%
Total Index	44,150,274	2.4%	3.0%	0.88%	-0.77%	46,610,848	2.7%	3.0%	3.77%	4.68%	-0.69%	2.10%	5.27%
Lehman Gov/Credit				1.04%	-0.76%				3.91%	4.99%	-1.52%	1.60%	5.13%
<i>Convertibles</i>													
TCW (2)	-	0.0%	0.0%	N/A	N/A	21,861,743	1.2%	1.5%	2.85%	N/A	4.54%	6.78%	1.15%
Calamos	22,435,795	1.2%	1.5%	N/A	0.41%	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Total Convertibles	22,435,795	1.2%	1.5%	4.93%	0.41%	21,861,743	1.2%	1.5%	2.85%	7.92%	4.54%	6.78%	1.15%
Merrill Lynch All Convertibles (3)				5.01%	0.38%				2.79%	7.94%	9.37%	8.01%	4.94%

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	Market Value	Allocation	Quarter	Month	Net ROR	Market Value	Allocation	Quarter	Net ROR	Fiscal YTD	FY06	Ended	Ended
		Actual	Policy	Net ROR	Net ROR					Net ROR	Net ROR	6/30/2006	6/30/2006
												Net	Net
BBB Average Quality													
Wells Capital	24,429,273	1.3%	1.5%	2.07%	-0.39%	25,085,607	1.4%	1.5%	4.58%	6.74%	-2.70%	3.36%	5.51%
Lehman BBB				1.49%	-0.94%				4.80%	6.36%	-2.37%	2.39%	6.10%
Private Debt													
Prudential	24,354,942	1.3%	1.5%	1.47%	-0.34%	25,160,894	1.4%	1.5%	3.84%	5.37%	-0.13%	N/A	N/A
Lehman Aggregate				1.24%	-0.58%				3.81%	5.09%	-0.81%	N/A	N/A
Timberland													
TIR - Teredo (4)	17,876,244	1.0%	1.0%	2.22%	-0.06%	17,901,041	1.0%	1.0%	-0.19%	2.03%	-1.44%	7.62%	N/A
TIR - Springbank	36,530,805	2.0%	2.0%	-0.20%	-0.03%	37,499,614	2.1%	2.1%	-0.06%	-0.25%	13.53%	N/A	N/A
Total Timberland	54,407,049	2.9%	2.9%	0.59%	-0.04%	55,400,655	3.2%	3.2%	-0.10%	0.49%	9.43%	20.37%	N/A
NCREIF Timberland Index				0.85%	0.28%				0.85%	1.71%	19.69%	13.94%	N/A
TOTAL DOMESTIC FIXED INCOME	194,216,574	10.5%	12.0%	1.58%	-0.30%	199,275,819	11.4%	12.0%	2.67%	4.30%	3.12%	8.91%	8.14%
Lehman Aggregate				1.24%	-0.58%				3.81%	5.09%	-0.81%	2.05%	4.97%
HIGH YIELD BONDS													
Core													
Loomis Sayles	64,609,171	3.5%	3.5%	4.69%	1.02%	61,711,006	3.5%	3.5%	4.85%	9.77%	4.74%	N/A	N/A
Sutter/Wells Capital	61,547,535	3.3%	3.5%	1.39%	-0.13%	60,745,822	3.5%	3.5%	2.84%	4.27%	4.70%	N/A	N/A
Total Core	126,156,707	6.8%	6.9%	3.05%	0.46%	122,456,828	7.0%	6.9%	3.84%	7.01%	4.72%	5.70%	3.38%
LB High Yield 2% Issuer Contstrained Index				4.11%	1.11%				3.76%	8.02%	4.38%	N/A	N/A
Mezzanine Debt													
Goldman Sachs	1,536,085	0.1%	0.1%	0.00%	0.00%	877,251	0.1%	0.1%	0.00%	0.00%	N/A	N/A	N/A
TOTAL HIGH YIELD BONDS	127,692,791	6.9%	7.0%	3.04%	0.46%	123,334,079	7.1%	7.0%	3.82%	6.97%	4.72%	8.34%	7.47%
LB High Yield 2% Issuer Contstrained Index				4.11%	1.11%				3.76%	8.02%	4.38%	8.48%	8.60%
INTERNATIONAL FIXED INCOME													
International Sovereign													
UBS Global (Brinson)	42,288,175	2.3%	2.5%	1.88%	-1.99%	41,207,276	2.4%	2.5%	-0.15%	1.72%	0.13%	5.24%	9.99%
Citigroup Non-US Gov't Bond Index (5)				2.09%	-2.12%				0.89%	3.00%	-0.11%	5.01%	9.58%
International Core													
Brandywine	43,131,649	2.3%	2.5%	2.84%	-1.24%	42,234,824	2.4%	2.5%	1.93%	4.83%	3.89%	8.39%	N/A
Lehman Global Aggregate (ex-US)				2.57%	-1.80%				1.13%	3.73%	3.83%	5.69%	N/A
TOTAL INTERNATIONAL FIXED INCOME	85,419,824	4.6%	5.0%	2.37%	-1.61%	83,442,100	4.8%	5.0%	0.89%	3.28%	2.01%	6.82%	10.91%
Citigroup Non-US Gov't Bond Index (5)				2.09%	-2.12%				0.89%	3.00%	0.00%	5.05%	9.60%
REAL ESTATE													
INVESCO													
J.P. Morgan Strategic & Special Funds	85,961,907			0.14%	0.00%	86,942,637			1.55%	1.69%	23.84%	17.33%	12.38%
J.P. Morgan Alternative Property Fund	90,192,396			4.17%	1.69%	87,890,846			4.36%	8.72%	21.05%	17.14%	12.52%
TOTAL REAL ESTATE	176,154,303	10.6%	9.0%	0.00%	0.00%	174,833,483	11.1%	9.0%	-2.82%	-2.82%	N/A	N/A	N/A
NCREIF TOTAL INDEX				3.51%	1.16%				3.51%	7.14%	18.22%	15.63%	12.19%
ALTERNATIVE INVESTMENTS													
Brinson IVCF III	417,114			63.24%	11.20%	694,580			12.77%	84.09%	26.32%	19.53%	18.00%
Coral Partners V	3,550,059			1.68%	0.00%	4,920,599			-0.31%	1.36%	8.74%	-15.32%	-24.06%
Coral Partners V - Supplemental	432,088			8.05%	0.00%	446,803			-0.70%	7.29%	10.53%	10.33%	N/A
Coral Partners VI	7,366,553			-2.87%	0.00%	7,558,568			-0.08%	-2.95%	-6.22%	N/A	N/A
Brinson 1998 Partnership Fund	1,060,635			2.07%	2.07%	1,035,674			4.03%	6.18%	16.52%	15.11%	1.97%
Brinson 1999 Partnership Fund	1,923,577			4.42%	4.42%	2,570,238			8.99%	13.81%	14.27%	12.72%	-1.26%
Brinson 2000 Partnership Fund	6,202,960			2.97%	2.97%	6,004,214			4.86%	7.98%	28.22%	17.90%	3.70%
Brinson 2001 Partnership Fund	4,220,050			-1.63%	-1.63%	4,275,562			8.12%	6.36%	19.85%	9.95%	3.22%
Brinson 2002 Partnership Fund	2,376,869			-6.73%	-6.73%	2,540,003			9.58%	2.20%	32.42%	13.22%	N/A
Brinson 2003 Partnership Fund	704,849			5.60%	5.60%	665,233			3.05%	8.82%	25.48%	6.77%	N/A
Total Brinson Partnership Funds	16,488,940			0.47%	0.47%	17,090,924			6.74%	7.25%	23.26%	14.60%	N/A
Brinson 1999 Non-US Partnership Fund	882,382			25.02%	25.02%	965,127			16.69%	45.89%	40.48%	30.98%	18.60%
Brinson 2000 Non-US Partnership Fund	1,708,804			0.83%	0.83%	1,689,133			26.11%	27.15%	35.03%	21.65%	13.01%
Brinson 2001 Non-US Partnership Fund	1,725,672			-19.07%	-19.07%	2,125,124			7.27%	-13.19%	27.25%	17.46%	8.96%
Brinson 2002 Non-US Partnership Fund	3,083,413			31.26%	20.81%	2,854,799			17.05%	53.64%	38.11%	22.66%	N/A
Brinson 2003 Non-US Partnership Fund	2,457,307			12.56%	12.56%	1,847,325			21.45%	36.70%	31.08%	8.89%	N/A
Brinson 2004 Non-US Partnership Fund	910,868			7.00%	7.00%	685,178			-0.77%	6.18%	24.56%	N/A	N/A
Total Brinson Non-US Partnership Fund	10,768,447			9.00%	6.41%	10,166,686			16.59%	27.08%	33.66%	21.76%	N/A
Brinson BVCF IV	10,148,687			10.81%	0.00%	9,128,089			9.17%	20.98%	31.35%	19.07%	0.41%
Adams Street Direct Co-investment Fund	1,053,779			-5.02%	0.00%	1,105,766			N/A	N/A	N/A	N/A	N/A
Matlin Patterson Global Opportunities	7,508,539			12.96%	0.00%	6,625,194			-5.52%	6.72%	-11.68%	26.48%	N/A
Matlin Patterson Global Opportunities II	17,286,525			0.27%	0.00%	12,185,368			0.71%	0.98%	-0.85%	N/A	N/A
InvestAmerica	3,154,272			0.00%	0.00%	3,143,751			30.21%	30.21%	0.00%	-9.20%	N/A
Hearthstone MSII	246,139			0.00%	0.00%	76,059			0.00%	0.00%	-100.00%	-100.00%	-100.00%
Hearthstone MSIII	1,303,612			-1.32%	0.00%	177,675			38.24%	36.42%	59.61%	N/A	N/A
Quantum Resources	1,595,337			N/A	N/A	-			N/A	N/A	N/A	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (6)	81,320,090	4.4%	5.0%	4.16%	0.97%	73,320,063	4.2%	5.0%	6.22%	10.64%	11.11%	10.45%	-2.11%
CASH EQUIVALENTS													
Northern Trust STIF/STEP	7,867,345	0.4%	1.0%	1.30%	0.38%	4,094,076	0.2%	1.0%	1.34%	2.85%	4.31%	2.64%	2.41%
90 Day T-Bill				1.26%	0.44%				1.33%	2.60%	4.00%	2.37%	2.25%
TOTAL FUND	1,858,132,489	100.0%	100.0%	6.76%	1.57%	1,749,416,667	100.0%	100.0%	3.42%	10.41%	14.79%	15.79%	7.67%
POLICY TARGET BENCHMARK				6.33%	1.39%				4.16%	10.75%	13.17%	14.32%	6.67%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) TCW was terminated on September 22, 2006. The portfolio was transferred to Calamos on October 5, 2006.

(3) Prior to January 1, 2005, the benchmark was the First Boston Convertible Index.

(4) Prior to June 1, 2006, the Toledo properties were under the management of RMK.

(5) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(6) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.